

investors and others.

In addition, TROSTEN and others caused the following expense-shifting and revenue-padding transactions, among others: approximately \$4.8 million of computer expenses moved out of Refco and into RGHI; and at least approximately \$34 million in proprietary trading losses suffered at Refco and transferred to RGHI.

In August 2004, Thomas H. Lee Partners, L.P., purchased a majority interest in Refco, financed by an approximately \$1.9 billion leveraged buyout transaction. In connection with that transaction, Refco sold approximately \$600 million of notes to the public and borrowed approximately \$800 million from a syndicate of banks. In August 2005, Refco conducted an initial public offering of approximately \$583 million of Refco's common stock.

On October 10, 2005, Refco issued a press release announcing, in substance, that it had discovered that it was owed a debt of approximately \$430 million by an entity controlled by Refco's former CEO. Following release of this information, the market price of Refco stock plummeted, and Refco's stock was subsequently delisted by the New York Stock Exchange. Refco Inc. and many of its subsidiaries filed petitions in bankruptcy on October 17, 2005.

TROSTEN pleaded guilty to charges of conspiracy, securities fraud, wire fraud, bank fraud, and money laundering. The following chart summarizes the charges to which TROSTEN pleaded guilty and the corresponding maximum penalties:

Count	Charge	Penalty
1	Conspiracy To Commit Securities Fraud, Wire Fraud, Bank Fraud, To Make Material Misstatements To Auditors, To Make False Filings With The SEC, And To Commit Money Laundering	5 yrs prison, fine of the greater of \$250,000 or twice the gross gain or loss from the offense, 3 yrs supervised release

2	Securities Fraud	20 yrs prison, fine of the greater of \$5 million or twice the gross gain or loss from the offense, 3 yrs supervised release
7	Wire Fraud	20 yrs prison fine of the greater of \$250,000 or twice the gross gain or loss from the offense, 3 yrs supervised release
15	Bank Fraud	30 yrs prison, fine of the greater of \$1,000,000 or twice the gross gain or loss from the offense, 5 yrs supervised release
17	Money Laundering	10 yrs prison, fine of the greater of \$250,000 or twice the gross gain or loss from the offense, 3 yrs supervised release

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the efforts of the United States Postal Inspection Service, and thanked the Securities and Exchange Commission and the Commodity Futures Trading Commission for their assistance in the investigation of this case. The Criminal Investigators of the United States Attorney's Office also investigated the case.

Assistant United States Attorneys NEIL M. BAROFSKY, CHRISTOPHER L. GARCIA and RUA KELLY are in charge of the prosecution.

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